

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

ANNUAL AUDITED REPORT FORM X-17A-5 PART III

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Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BE	GINNING January 1, 2009	AND ENDING Deco	ember 31, 2009
	MM/DD/YY		MM/DD/YY
	A. REGISTRANT IDENTIFICA	ATION	
NAME OF BROKER-DEALER:	Carthage Group, Inc.		OFFICIAL USE ONLY
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)			FIRM I.D. NO.
196 East Main Street	, Suite 3A		
	(No. and Street)	· · · · · · · · · · · · · · · · · · ·	
Huntington	New York	1174	13
(City)	(State)	(Zip	Code)
NAME AND TELEPHONE NUM Felix McCarthy	BER OF PERSON TO CONTACT IN RE	GARD TO THIS REPOR	RT 31) 385-2000
		(Ar	ea Code – Teler Number)
	B. ACCOUNTANT IDENTIFIC	ATION	Mail Processing Section
INDEPENDENT PUBLIC ACCO	UNTANT whose opinion is contained in t	his Report*	MAR 0 1 2010
Caminiti & Cogliati,	CPAs, LLP		
	(Name - if individual, state last, firs	t, middle name)	Washington, DC
350 Motor Parkway,	Suite 110, Hauppauge	New York	11788
(Address)	(City)	(State)	(Zip Code)
CHECK ONE:			
☑ Certified Public Ac	countant		
☐ Public Accountant			
☐ Accountant not resi	ident in United States or any of its possess	ions.	
	FOR OFFICIAL USE ON	LY	

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^{*}Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

Ι, _	Felix McCarthy	, swear (or affirm) that, to the best of
my	knowledge and belief the accompanying finan	cial statement and supporting schedules pertaining to the firm of
	Carthage Group, Inc.	, as
of	December 31	, 20_09, are true and correct. I further swear (or affirm) that
nei	ither the company nor any partner, proprietor,	principal officer or director has any proprietary interest in any account
cla	assified solely as that of a customer, except as f	ollows:
	and the second of the second o	
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	is report ** contains (check all applicable bex	Suffolk County .
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	(d) Statement of Changes in Financial Condi	tion
		quity or Partners' or Sole Proprietors' Capital.
		• •
	(g) Computation of Net Capital.	
		splanation of the Computation of Net Capital Under Rule 15c3-1 and the
_		serve Requirements Under Exhibit A of Rule 15c3-3.
	(k) A Reconciliation between the audited and consolidation.	l unaudited Statements of Financial Condition with respect to methods of
\boxtimes		
		eies found to exist or found to have existed since the date of the previous audit.
	•	

^{**}For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).



CAMINITI & COGLIATI, CPAS, LLP

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

350 Motor Parkway • Suite 110 • Hauppauge, NY 11788-5101 • (631) 952-2300 • Fax: (631) 951-9266

VINCENT A. CAMINITI, CPA ROBERT P. COGLIATI, CPA

Independent auditors' report

To the Shareholder of Carthage Group, Inc.

We have audited the accompanying statements of financial condition of Carthage Group, Inc. as of December 31, 2009 and 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements of financial condition are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statements of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall statements of financial condition presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Carthage Group, Inc., as of December 31, 2009 and 2008 in conformity with accounting principles generally accepted in the United States of America.

Caminiti & Cogliati, CPAs, LLP

Caminiti & Cogliati, CPAs, LLP

Hauppauge, New York January 20, 2010

CARTHAGE GROUP, INC. STATEMENTS OF FINANCIAL CONDITION DECEMBER 31, 2009 AND 2008

	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 173,538	\$ 196,058
Deposit-clearing organization (Note 2)	25,008	25,987
Accounts receivable (Note 3)	48,957	36,704
Prepaid expenses	5,647	4,701
Total current assets	253,150	263,450
Furniture and equipment, net (Note 4)	6,884	9,175
Other assets:		
Security deposit	900	900
Total assets	\$ 260,934	\$ 273,525
Liabilities and stockholder's equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 10,747	\$ 6,905
Accrued pension payable (Note 5)	21,396	9,322
Payroll taxes payable	1,267	1,501
Franchise tax payable	300	100
Total current liabilities	33,710	17,828
Stockholder's equity:		
Common stock, no par value, 200 shares authorized;		
50 shares issued and outstanding	4,000	4,000
Retained earnings	223,224	251,697
Total stockholder's equity	227,224	255,697
Total liabilities and stockholder's equity	\$ 260,934	\$ 273,525

See accompanying independent auditors' report and notes to financial statements.

1. Summary of significant accounting policies

Nature of business

Carthage Group, Inc. is a corporation organized under the laws of the State of New York, doing business as a broker and dealer in securities registered under the Securities Exchange Act of 1934 and as a member of the Financial Industry Regulatory Authority.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue recognition

Securities transactions and the related revenues and expenses are recorded on a settlement date basis; revenues and expenses would not be materially different if reported on a trade date basis.

Cash equivalents

For purposes of the statements of financial condition and statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Concentration of credit risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and accounts receivable. The Company maintains its cash balances in bank checking accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk on cash balances.

1. Summary of significant accounting policies (continued)

Fair value of financial instruments

The carrying amounts of financial instruments, including cash, accounts receivable and payable, approximate their fair values based on their short-term nature.

Accounts receivable

The Company considers accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been established. If amounts become doubtful as to collections, an allowance will be established at that time.

Furniture and equipment

Furniture and equipment are stated at cost. The costs of additions and betterments are capitalized and expenditures for repairs and maintenance are expensed in the period incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income. The Company provides depreciation under the straight-line method and accelerated methods over the estimated useful lives of the assets.

Income taxes

The Company elected "small business corporation" (S Corporation) status for federal and state tax purposes. An S Corporation is in effect a conduit for its consenting stockholder; therefore all items of income, deduction and tax credit flow through to the stockholder and are not taxed at the corporate level, but at the stockholder level.

Advertising

The Company's policy is to expense advertising costs as the costs are incurred. Advertising expense for the years ended December 31, 2009 and 2008 was \$1,048 and \$2,147, respectively.

2. <u>Deposits-clearing organization</u>

The Company has a clearing agreement with a clearing agent, First Clearing Corporation. As part of the agreement, the company is required to maintain at all times, a minimum balance of \$25,000 in the account. The clearing agent pays interest on the cash deposited in the deposit account in accordance with its then accepted free credit balance interest rates. If the clearing agent has a claim arising in any manner under this agreement against the Company and the Company has not resolved the claim within five business days after the receipt of the claim from the clearing agent, the clearing agent may deduct such claim from commissions then owed to the Company, and if such commissions are insufficient to satisfy such claim, the clearing agent is authorized to withdraw the amount from the deposit account and pay such amount to itself.

Upon termination of the agreement, the clearing agent shall pay within thirty days, the balance of the deposit account to the Company after any and all customer accounts have been either transferred to a new clearing agent or transferred directly to the customer.

3. Accounts receivable

Accounts receivable, \$48,957 for 2009 and \$36,704 for 2008, were all current and due from the clearing agent.

The Company's policy is to write-off doubtful accounts receivable in the year deemed uncollectible. In the opinion of management, no allowance for doubtful accounts is required.

4. Furniture and equipment

Furniture and equipment are summarized as follows:

	2009	2008
Furniture and equipment	\$ 27,423	27,423
Less accumulated depreciation	(20,539)	(18,248)
	\$ 6,884	\$ 9,175

Depreciation expense for the years 2009 and 2008 amounts to \$2,291 and \$2,292, respectively.

5. Pension plan

The Company has a simplified employee pension plan, which covers all employees who meet the plan's eligibility requirements. Pension expense for the year ended December 31, 2009 and 2008, was \$51,396 and \$54,322, respectively.

6. Net capital

The Company, as a registered broker and dealer in securities, is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1). Such rule prohibits the Company from engaging in any securities transactions whenever its "aggregate indebtedness" (as defined) exceeds fifteen times its "net capital" as defined. Under such rule, and the related rules of the Financial Industry Regulatory Authority, the Company may be required to reduce its business if its net capital ratio exceeds 12 to 1 and it may be prohibited from expanding its business if its net capital ratio exceeds 10 to 1.

At December 31, 2009 and 2008, the Company had net capital of \$213,793 and \$240,921, respectively, which was \$163,793 and \$190,921 in excess of its required net capital of \$50,000. The ratio of aggregate indebtedness to net capital was .15768 to 1 and .07399 to 1 as of December 31, 2009 and 2008, respectively.

7. Commitments

The Company rents office space month to month in Huntington, New York at the rate of \$1,378 per month. The total rent expense for the years ended December 31, 2009 and 2008 was \$16,541 and \$16,461, respectively.

CARTHAGE GROUP, INC.

Report on Statements of Financial Condition

For the Years Ended December 31, 2009 and 2008

Caminiti & Cogliati, CPAs, LLP

CARTHAGE GROUP, INC.

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